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November 30, 2006

OF COUNSEL
WILLIAM G. CONLY

Honorable James H. Welsh
Commissioner of Conservation
State of Louisiana
Post Office Box 44275
Baton Rouge, Louisiana 70804-4275

Re: APPLICATION FOR PUBLIC HEARING.

Glen Rose Zone, Reservoir A; Rodessa Formation, Reservoir A; Pettet Formation, Reservoir A; Hosston Formation, Reservoir A; and Cotton Valley Formation, Reservoir A; CASPIANA FIELD, Caddo and DeSoto Parishes, Louisiana.

Dear Sir:

PALMER PETROLEUM, INC. ("Applicant"), hereby respectfully applies for a public hearing to consider evidence relative to the issuance of Orders pertaining to the following matters relating to the Glen Rose Zone, Reservoir A; the Rodessa Formation, Reservoir A; the Pettet Formation, Reservoir A; the Hosston Formation, Reservoir A; and to the Cotton Valley Formation, Reservoir A, in the Caspiana Field, Caddo and DeSoto Parishes, Louisiana:

1. To create three (3) additional drilling and production units for the exploration for and production of gas and condensate from the Glen Rose Zone, Reservoir A, such units being shown on an attached plat and being designated GR RA SURR through GR RA SUTT.
2. To create eight (8) additional drilling and production units for the exploration for and production of gas and condensate from the Rodessa Formation, Reservoir A, such units being shown on an attached plat and being designated ROD RA SUS through ROD RA SUZ.
3. To create eight (8) additional drilling and production units for the exploration for and production of gas and condensate from the Pettet Formation, Reservoir A, such units being shown on an attached plat and being designated PET RA SU80 through PET RA SU87.
4. To create four (4) additional drilling and production units for the exploration for and production of gas and condensate from the Hosston Formation, Reservoir A, such units being shown on an attached plat and being designated HOSS RA SU128 through HOSS RA SU131.
5. To create seven (7) additional drilling and production units for the exploration for and production of gas and condensate from the Cotton Valley Formation, Reservoir A, such units being shown on an attached plat and being designated CV RA SU121 through CV RA SU127.
6. To force pool and integrate all separately owned tracts, mineral leases and other property interests within each of the proposed additional units in accordance with Section 10, Title 30, of the Louisiana Revised Statutes of 1950, with each tract sharing in unit production on a surface acreage basis of participation.

7. To designate Applicant as operator of, and its Wilhelm No. 1 Well as the unit well for, the proposed additional unit designated CV RA SU123.

8. To redefine the Rodessa Formation, Reservoir A, in the Caspiana Field, INsofar AND ONLY INsofar as to the eight (8) additional units proposed herein for the Rodessa Formation, Reservoir A, and the previously created units designated ROD RA SUL, ROD RA SUM and ROD RA SUN, as being that gas and condensate bearing zone encountered between the measured depths of 5,052 feet and 5,197 feet in the Palmer Petroleum, Inc.--Parsons No. 1 Well, located in Section 8, Township 15 North, Range 13 West, DeSoto Parish, Louisiana.

9. To redefine the Pettet Formation, Reservoir A, in the Caspiana Field, INsofar AND ONLY INsofar as to the eight (8) additional units proposed herein for the Pettet Formation, Reservoir A, and the previously created units designated PET RA SUW, PET RA SUX and PET RA SUY, as being that gas and condensate bearing zone encountered between the measured depths of 6,160 feet and 6,386 feet in the Palmer Petroleum, Inc.--Parsons No. 1 Well, located in Section 8, Township 15 North, Range 13 West, DeSoto Parish, Louisiana.

10. To redefine the Hosston Formation, Reservoir A, in the Caspiana Field, INsofar AND ONLY INsofar as to the four (4) additional units proposed herein for the Hosston Formation, Reservoir A, and the previously created units designated HOSS RA SUT, HOSS RA SU68, HOSS RA SU69, HOSS RA SU70, HOSS RA SUZ, HOSS RA SUAA and HOSS RA SUCC, as being that gas and condensate bearing zone encountered between the measured depths of 6,386 feet and 8,922 feet in the Palmer Petroleum, Inc.--Parsons No. 1 Well, located in Section 8, Township 15 North, Range 13 West, DeSoto Parish, Louisiana.

11. To redefine the Cotton Valley Formation, Reservoir A, in the Caspiana Field, INsofar AND ONLY INsofar as to the seven (7) additional units proposed herein for the Cotton Valley Formation, Reservoir A, and the previously created units designated CV RA SUY, CV RA SUZ, CV RA SUAA and CV RA SUCC, as being that gas and condensate bearing zone encountered between the measured depths of 8,922 feet and 10,550 feet in Palmer Petroleum, Inc.--Parsons No. 1 Well, located in Section 8, Township 15 North, Range 13 West, DeSoto Parish, Louisiana.

12. To extend, except as in conflict herewith, the provisions of the Office of Conservation Order No. 191-G series of Orders, and all applicable Statewide Orders, to the proposed additional units for the Glen Rose Zone, Reservoir A.

13. To extend, except as in conflict herewith, the provisions of the Office of Conservation Order No. 191-D series of Orders, and all applicable Statewide Orders, to the proposed additional units for the Rodessa Formation, Reservoir A.

14. To extend, except as in conflict herewith, the provisions of the Office of Conservation Order No. 191-C series of Orders, and all applicable Statewide Orders, to the proposed additional units for the Pettet Formation, Reservoir A.

15. To extend, except as in conflict herewith, the provisions of the Office of Conservation Order No. 191-B series of Orders, and all applicable Statewide Orders, to the proposed additional units for the Hosston Formation, Reservoir A.

16. To extend, except as in conflict herewith, the provisions of the Office of Conservation Order No. 191-A series of Orders, and all applicable Statewide Orders, to the proposed additional units for the Cotton Valley Formation, Reservoir A.

17. To discuss such other matters as may be pertinent.

The Glen Rose Zone, Reservoir A, in the Caspiana Field, Caddo and DeSoto Parishes, Louisiana, is defined in Office of Conservation Order No. 191-G, effective November 30, 2004.

The Rodessa Formation, Reservoir A, in the Caspiana Field, Caddo and DeSoto Parishes, Louisiana, is defined in Office of Conservation Order No. 191-D, effective April 13, 1976.

The Pettet Formation, Reservoir A, in the Caspiana Field, Caddo and DeSoto Parishes, Louisiana, is defined in Office of Conservation Order No. 191-C, effective April 13, 1976.

The Hosston Formation, Reservoir A, in the Caspiana Field, Caddo and DeSoto Parishes, Louisiana, is defined in Office of Conservation Order No. 191-B, effective April 15, 1975.

The Cotton Valley Formation, Reservoir A, in the Caspiana Field, Caddo and DeSoto Parishes, Louisiana, is defined in Office of Conservation Order No. 191-A, effective February 15, 1975.

Pertinent data concerning this application is available for inspection at the offices of Louis Gilbert & Associates, Inc., 3636 N. Causeway Blvd., Suite 204, Metairie, Louisiana 70002-7216. Any person wishing to inspect such data should call Mr. Louis Gilbert at (504) 834-8112 during normal business hours in order to arrange a date and time for such inspection. A copy of any such pertinent data which is not otherwise available from the records of the Louisiana Office of Conservation can be obtained from Applicant at the expense of the requesting party.

By letter dated November 8, 2006, Applicant gave notice, in accordance with the Revised Rules of Procedure, of its intention to apply for a public hearing concerning these matters and a pre-application conference with respect to Applicant's proposals was thereafter held beginning at 2:00 o'clock p.m. on November 29, 2006, in Shreveport, Louisiana. Attached is a list of the names and addresses of those persons present at the conference.

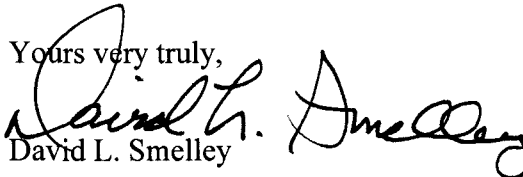
The purpose of the conference was explained as well as the bases for Applicant's proposals by sufficient data and detail for those present at the conference to have a reasonable opportunity to discuss the proposals and attempt to resolve any differences in good faith. Following Applicant's presentation, there was a general question and answer period concerning the proposals of Applicant. Thereafter, the conference was adjourned with no counterplan having been presented.

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Attached hereto are plats outlining the additional drilling and production units which Applicant proposes to create (which plats are identical to those attached to the pre-application notice). Also attached hereto is a list of the names and addresses of all Interested Owners, Represented Parties and Interested Parties to whom a copy of this application is being sent. Pursuant to the Revised Rules of Procedure, such list is being forwarded only to the Commissioner of Conservation and to the District Manager of the Shreveport District of the Office of Conservation. A copy of the list will be furnished by the undersigned to any party so requesting. A reasonable effort was made to obtain a complete list of Interested Owners, Represented Parties and Interested Parties.

Applicant will provide for posting of a copy of the Legal Notice of this hearing and the enclosed plats at a prominent place in the area affected and will cause publication of the Legal Notice in a newspaper published in the general area of Caspiana Field, all in accordance with the Revised Rules of Procedure. Furthermore, a copy of the Legal Notice will be mailed to all Interested Owners, Represented Parties and Interested Parties promptly upon receipt of the Legal Notice from the Commissioner.

Finally, we enclose our check payable to the Commissioner of Conservation for the application fee.

Yours very truly,

David L. Smelley

-- Attorney for Palmer Petroleum, Inc.

DLS:dp
Enclosures

cc: Mr. Jim Broussard (w/encls.)
Mr. Tom Giles (w/encls.)
Mr. Louis Gilbert (w/encls.)
Interested Owners, Represented Parties
and Interested Parties (w/plats only)

